

STATE OF MISSOURI

***DEPARTMENT OF HIGHER EDUCATION AND
WORKFORCE DEVELOPMENT***

OPERATIONS – FISCAL AND BUDGET

***OFFICE OF
WORKFORCE DEVELOPMENT***

FINANCIAL MANUAL

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PART I

INTRODUCTION

Financial controls are essential to any business venture, be it for profit or not for profit. Financial controls do not only safeguard an organization from fortuitous or fraudulent mismanagement, but they also serve as a catalyst for the development of comprehensive policies and procedures to assist management and staff in their responsibilities of the day-to-day operations. Financial control systems or processes are usually enshrined in a document known as a financial manual.

A financial manual generally contains accounting rules and a series of financial policies and procedures, which guide an organization's operations. It streamlines how an organization utilizes its resources, and ensures the accuracy, appropriateness, and completeness of financial data. While the manuals are usually meant for financial staff, it can also act as a reference document for stakeholders in making prudent business decisions.

This Financial Manual is designed to assist the Department of Higher Education and Workforce Development (DHEWD) and Subrecipients to ensure the maintenance of maintaining adequate financial policies, procedures, and systems pertinent to the reporting needs of the Workforce Innovation and Opportunity Act (WIOA) and for any DHEWD, Office of Workforce Development (OWD) awarded grants, subgrants, or Subrecipient. This Manual, thus, sets out policies and procedures necessary to control and account for Federal funds, assets, liabilities, revenues, and expenditures.

This Manual has been developed by the Operations – Fiscal & Budget Section of the Department of Higher Education and Workforce Development (DHEWD). The intent of the Manual is to:

- i. explain the DHEWD's overall financial processes in broad terms as it pertains to the DHEWD awarded grants;
- ii. to assist in the development of direction to all tiers of the Subrecipients and its own financial policies and procedures;
- iii. ensure a high degree of consistency in the administration and oversight of DHEWD awarded grants;
- iv. ensure accountability of the DHEWD administered grants;
- v. ensure funds are spent in the most efficient, prudent manner that maximize the return on investment.

It is ***not*** intended that this Manual be considered a “stand-alone” document. Subrecipient(s) are encouraged to read this Manual in conjunction with other applicable Federal, State, and local regulations – as it pertains to financial controls - in order to gain a complete understanding of the financial requirements and processes for Federal awards. Subrecipient(s) may elect to promulgate policy guidelines that are more restrictive than the contents in this Manual as they are consistent with Federal, State, and local laws and/or other applicable regulations.

The policies and procedures outlined in this Manual are subject to amendments, if the need arises. Amendments will be communicated to Subrecipients electronically and posted to jobs.mo.gov.

SCOPE

This Manual incorporates references from the following sources:

- a. The Federal Register; Office of Management and Budget (OMB); 2 Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award; Final Rule (The Uniform Guidance).
- b. Public Law 113-128: WIOA.
- c. The United States Department of Labor's (USDOL) exceptions at 2 CFR Part 2900, et al.
- d. USDOL One-Stop Comprehensive Financial Management Technical Assistance Guide, Part II.
- e. USDOL Policy Directives, such as Training and Employment Guidance Letters (TEGL).
- f. The Missouri Revised Statutes.
- g. OWD Policies and Procedures.

Inasmuch as this Manual references the above sources, any omissions therein do not waive the user's responsibilities to comply with the original text of these publications. In the event of a conflict between the above publications and this Manual, the publications will govern. In the event of a conflict between this Manual and any DHEWD issued contract, as it relates to grants – please contact the DHEWDFinancial-HelpDesk@DHEWD.mo.gov.

APPLICABILITY

In broad terms, this Manual applies to all direct awardees of DHEWD issued contracts and any tiers below that level through subawarded contracts, Local Workforce Development Boards (LWDB) and its subrecipients, and ***all*** other DHEWD grantees and its subrecipients.

RESCISSION

This Manual rescinds and replaces all earlier versions of the DHEWD Financial Manual.

NAVIGATING THE MANUAL

This Manual has the following search capabilities:

- a. Table of Contents:** The Table of Contents is shown at the beginning of this Manual. It allows users to see the Chapter headings. Each of these headings contains a hyperlink that allows users to navigate directly to the page number where each Chapter begins. Using a hyperlink is discussed immediately following.
- b. Hyperlinks:** Throughout the Manual, hyperlinks, which are highlighted in blue and underlined, have been inserted to guide users to referenced links. Users may select a hyperlink by guiding the mouse over the highlighted text and clicking on it. While holding down the Ctrl key on the Keyboard, move the mouse pointer to the link and left click on the link. This action will activate the Web address, and users will be taken directly to the Web page referenced or page number – in the case of the Table of Contents.
- c. Find:** Whether using MS Word or Adobe Acrobat, access the “Find” feature by selecting “Edit or Editing” from the Menu Bar. It is also possible to hold the Ctrl and F key at the same time, then click on Find, type the word or phrase in the dialog box, and press the “Enter” key on the Keyboard to find the word or text in the document.

PART II

CORE FINANCIAL MANAGEMENT STANDARDS

It is required of every Subrecipient to establish and maintain a financial management system in accordance with the requirements of the Uniform Guidance, 2 CFR 200.302, and the Generally Accepted Accounting Principles (GAAP). The financial management system must also be sufficient to meet the requirement of Section 185 (a) (1) and (2) of WIOA. At a minimum, the system must meet the following standards:

1. **Financial Reporting:** All costs reported against grant funds must be traceable to the accounting records and be allowable costs according to GAAP and the financial reporting requirements of the grant or subgrant.
2. **Accounting Records:** All records must adequately identify all grant funds and meet all GAAP requirements. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
3. **Internal Control:** Effective internal control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Subrecipient(s) must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
4. **Allowable Cost:** Costs must be necessary and reasonable for proper and efficient administration of grant funds. Applicable OMB cost principles, agency program regulations, and the terms and conditions of grant and subgrant agreements must be adhered to in determining the reasonableness, allowability, and allocability of costs.
5. **Budget Control:** Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant on a monthly and cumulative basis.
6. **Source Documentation:** Accounting records must be supported by adequate source documentation. For example, invoice, purchase order, time card, attendance record, payroll records, canceled checks, etc.
7. **Cash Management:** Procedures for minimizing the time elapsing between the receipt of funds from the DHEWD and disbursement of those funds must be followed very strictly. Cash drawdowns must be made as close as possible to the time of making disbursements. Subrecipients must monitor cash drawdowns by its subrecipient(s) to minimize cash on hand and ensure it conforms to the same standards of timing and amount as that of the Subrecipient.

8. The financial system of Subrecipient(s) must also permit the preparation of required reports, permit the tracing of program income and stand-in costs, demonstrate compliance with matching requirements, and track funds to a level of expenditure that ensures funds have not been used in violation of any applicable regulations.
9. Subrecipient(s) must maintain formal monthly trial balances, which are initialed and dated by both the preparer and the reviewer.
10. The trial balance must be prepared prior to the preparation and submittal of the monthly Contract Progress Report (CPR).
11. Subrecipient(s) must prepare and maintain formal monthly bank reconciliations, which are initialed and dated by both the preparer and the reviewer. The bank statement balance must reconcile to the general ledger's cash balance, and outstanding check policy must be adhered to very strictly.
12. Subrecipient(s) must utilize a check log or other similar tool to record incoming checks. The log must be used during the preparation of bank reconciliation to verify cash receipts for accuracy and timeliness of deposit.
13. Immediately upon receipt, incoming checks must be restrictively endorsed as "For Deposit Only".
14. Cash received from the DHEWD must be checked against the cash requested from the DHEWD. The DHEWD must be contacted immediately if any differences are noted.
15. Upon the posting of the most recent CPR, the monthly and the Year-to-Date (YTD) expenditure and budget information must be verified. The DHEWD must be contacted immediately if any discrepancies are noted.
16. Reporting must be done on an accrual basis. Accruals are for actual goods and services received but not yet paid for at the end of the accounting period, and may include salaries and fringe, travel expenses, utilities, training payments, etc. Expenditures are for actual cash disbursements that are made during the accounting period. Both amounts must be reported on the monthly CPR.
17. The Subrecipient(s) must maintain and follow detailed written policies and procedures that address all functions and processes within their financial system.
18. The Subrecipient(s) must verify and track entity exclusion records on SAM.gov on a monthly basis.

INTERNAL CONTROL

Effective internal control is the bedrock of every successful financial and operational system. Adequate internal control is very vital in safeguarding an entity against mismanagement, waste, fraud, and program abuse. Internal control may be viewed as a set of processes put in place by an entity to minimize risk and ensure the integrity of its financial and operational structures.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control “as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives”¹ in the following categories: “effectiveness and efficiency of operations; reliability of reporting for internal and external use; and compliance with applicable laws and regulations.” The Uniform Guidance buttresses the COSO definition of internal control at 2 CFR 200.61 and 2 CFR 200.62.

According to the Uniform Guidance, non-Federal entities must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.”²

¹ Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework*, page 3

² The Uniform Guidance, 2 CFR 200.303

Subrecipient(s) have the responsibility to institute adequate and effective internal controls that safeguard the DHEWD awards against the risk of mismanagement, fraud, waste, and program abuse. Subrecipient(s) will, therefore, have to make the best judgment in instituting the most appropriate and cost effective internal control processes in the respective organizations. In so doing, steps must be taken to ensure that the internal control processes provide reasonable assurance for compliance with applicable statutes and regulations, as well as the terms and conditions of the DHEWD awards. Subrecipient(s) are encouraged to continually evaluate their internal control processes to identify improvement needs.

The following is a non-exhaustive list of internal control mechanisms:

1. Key managers must have sufficient understanding of staff duties, processes, and controls in order to identify whether or not existing checks and balances are being followed or compromised.
2. Adequate segregation of duties to ensure that no one person has control over all parts of a process.
3. Enforcement of appropriate penalties for misappropriation or misuse of organization resources.
4. Adequate reviews of supporting documentation to ensure laid down processes are followed.
5. Reconciling organization bank accounts every month and ensuring the reconciliation is completed by an independent person who is independent of check signing responsibilities.
6. Ensure that the organization assets such as vehicles, equipment, and other resources are used only for official business.
7. The avoidance of related party transactions.
8. Ensuring personnel approving and pre-auditing expenditures are provided with a list of allowable and unallowable expenditures.

Some specific examples of internal control systems include, but are not limited to:

1. Cash Receipts

A minimum of two (2) people must be involved in the cash receipt process.

2. Cash Disbursements

- a. A minimum of two (2) people must be involved in all cash disbursement processes.
- b. All disbursements must be made by check or EFT other than small purchases covered by a petty cash fund.
- c. All checks must be transmitted by mail, or if hand delivered, require a signed receipt.
- d. Payroll checks must be checked for accuracy by someone of higher authority other than the payroll preparer.
- e. Time sheets for payroll must be prepared and signed by employees, and approved by a supervisor.

3. Indirect Cost Rate

The Indirect Cost Rate of subrecipients must be approved by its respective Subrecipient if the subrecipient does not have an indirect cost rate approved by its Federal cognizant agency. Any special clauses or conditions contained in the DHEWD contract may supersede approved indirect cost rates.

4. Bank Reconciliations

The bank reconciliation must be prepared, signed and dated by an individual and reviewed, signed and dated by a separate individual that is not involved in any of the cash receipt or cash disbursement processes.

5. Inventory

Inventory must continually be physically verified by someone other than the individuals that are involved in the purchasing or recordkeeping of the inventory.

6. Petty Cash

Petty cash funds must be reconciled at least monthly by someone other than the custodian of the fund.

7. Receipt of Purchased Goods or Supplies

Regardless of the procurement process, the individual that acknowledges receipt must not be the same individual ordering the goods or supplies.

RECORD RETENTION

Record retention describes the length of time a document or a record will have to be maintained as an active document or record. It also provides guidelines on the final disposition of documents or records after the end of the mandatory retention period. The development and effective implementation of a record retention policy is very vital in providing legal and compliance guidelines to employees. Records and/or documents may include, but are not limited to, paper documents, e-mails, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files, etc.

“Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”³

The DHEWD requires all Subrecipient(s) to keep intact and accessible all financial and programmatic records, supporting source documents, statistical records, and other records that are either required by regulation or could be considered as pertinent DHEWD awards. In the event a Subrecipient terminates its relationship with a subrecipient, the Subrecipient shall be responsible for the maintenance and retention of the records of the subrecipient.

The records and/or documents must be retained for a period of three (3) years following the date on which the final expenditure report was submitted for any allotment or grant year. The three (3) year retention period assumes no audit/litigation problems would require an extended retention period. If any litigation, claim or audit is started before the expiration of the original retention period, the records must be retained until all findings have been resolved and final action has been taken, or until the end of the regular three 3-year record retention period, whichever is later.

Records for real property and equipment acquired with DHEWD funds must also be retained for a period of three (3) years after final disposition of the property or equipment.

The DHEWD may request and take custody of Subrecipient(s) records. If the DHEWD has made special arrangements for a Subrecipient to transfer any records that are continuously needed for joint use or for custody or when the Subrecipient transfers records to the USDOL, the three-year requirement is not applicable to the Subrecipient in question.

Records must be stored and retained in a manner that will preserve the integrity and admissibility as evidence. Adequate measures must, therefore, be in place to forestall the defacing of records;

³ The Uniform Guidance, 2 CFR 200.333

especially in times of disaster. Disaster recovery plans must embody backup for important records.

Approval must be requested from the DHEWD prior to the destruction/disposal of records. A written request to destroy records must be submitted to DHEWDFinancialHelpDesk@DHEWD.mo.gov. The final destruction of records is contingent on DHEWD's written approval. The method of record destruction/disposal is relative to the confidentiality of the record or document. Records or documents, which references individual personnel or participants, for example, must be obliterated before discarding.

The records retention and custodial requirements extend to the records of all Subrecipient(s). Record retention requirements may be found at 2 CFR 200.333-200.337 of the Uniform Guidance.

PUBLIC ACCESS TO RECORDS

Providing responsible stewardship for, and oversight of, federally funded workforce programs must be accomplished in a way that demonstrates integrity, accountability, and transparency in order to preserve the public trust.

The Uniform Guidance, 2 CFR 200.336 (a), provides that “The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.” The right of access is not limited to the required retention period, but shall last as long as the records are retained (2 CFR200.336 (c)).

[Section 185 \(a\) \(4\) of WIOA](#) and the provisions of the [Sunshine Law](#) all buttress the need to make records accessible to the public upon request. The DHEWD, therefore, requires all Subrecipient(s) to maintain adequate records, and make such records accessible to the DHEWD and/or any authorized representative of the Federal or State government upon request.

The disclosure of information that would constitute unwarranted invasion of personal privacy, and information containing trade secrets, commercial or financial information, regarded as privileged or confidential are exempted from the above requirements.

Fees associated with the reproduction and/or providing information requested by the public may be charged only in an amount sufficient to recover the costs.

Policies designed to implement the requirements in this segment must not conflict with State statutes; specifically [RSMo Chapter 610](#), Governmental Bodies and Records.

CONFLICT OF INTEREST

Conflict of interest is a terminology used to describe the clash between a fiduciary's self-interest and the goal of the organization he/she/it represents.

Section 107 (h) (1-2) of WIOA discusses conflict of interest for Local Workforce Development Boards (LWDB). Each LWDB must establish a conflict of interest and code of conduct policy. These policies will ensure that employees, individuals or representatives of organizations entrusted with public funds will not personally or professionally benefit from the award or expenditure of such funds. For purposes of this Manual, this requirement is not limited to only LWDB, but all recipients of DHEWD funds that fall under the broad category of "Subrecipient." Thus;

1. Each Subrecipient(s) must develop written policies and procedures to address conflicts of interest and codes of conduct for board members and employees, and shall at a minimum include the following:
 - a. Prohibit board members, officers, agents, and employees (**as may be applicable**) from entering into discussion or voting on any matters where they have a conflict of interest (real, implied or apparent). This limitation on discussion shall not prohibit board members, officers, agents, and employees (hereinafter "members") from providing factual information in response to direct questions concerning the matter from other members. The disclosure must be reflected in the minutes of the meeting of the Subrecipient;
 - b. prohibit members from soliciting or accepting gratuities, favors, or anything of monetary value from awardees, potential awardees or other parties to agreements;
 - c. prohibit members from bidding on, casting a vote on, or participating in any decision-making capacity on the provision of services by themselves or any organization they represent;
 - d. prohibit members from receiving any direct financial benefit from any resulting contract which they participated in the development of Invitations for Bid, Requests for Proposals, contract specifications/standards, board discussion/decision related to specific terms of a contract, or other bid processes leading to the award of a contract;
 - e. prohibit members from participating in selection, or in the award or administration of a contract supported by Federal funds with a real or apparent conflict involving members, any member of their immediate family, their partner(s), or the organization which employs (or is about to employ) any of the above, or has a financial or other interest in any of the above;

- f. require members to disclose a potential or actual conflict of interest to the Subrecipient as soon as the conflict is discovered and, to the extent possible, before the agenda for taking action on the matter is prepared. If a conflict is discovered during a meeting, members must verbally declare a conflict and such declaration must be clearly noted in the minutes;
 - g. require members to sign an annual attestation of review and adherence to the Conflict of Interest Policy and Procedures and Code of Conduct;
 - h. require members to sign an Annual Disclosure of Conflict(s) of Interest form;
 - i. provide for disciplinary actions to be applied for violations of above standards.
2. Neither membership on the State Board, Local Board, Youth Council nor the receipt of WIOA funds to provide training and related services, violates these conflict of interest provisions.
 3. Forms signed by members must be maintained by the Subrecipient and will be reviewed by the DHEWD staff during their annual monitoring visits.

The Uniform Guidance, 2 CFR 200.112 and 2 CFR 200.318 (c) (1&2), also discusses conflict of interest.

DEBARMENT/SUSPENSION and DRUG FREE WORKPLACE

Debarment may mean the perpetual prohibition of a recipient of Federal funds from participating in Federal Government procurement contracts and covered non-procurement transactions.

Suspension is the temporary prohibition of a recipient of Federal funds from participating in covered transactions covered under the Federal Acquisition Regulation (48 CFR chapter 1) pending the completion of an investigation and any judicial or administrative proceedings.

“Drug-free workplace means a site for the performance of work done in connection with a specific award at which employees of the recipient are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance.”⁴

The DHEWD stipulates that no Subrecipient(s) shall make any award or enter into any contract with any party at any tier who is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs. All Subrecipient(s) are required to

⁴ 2 CFR §182.635

comply with government-wide requirements for debarment and suspension and a drug-free workplace, which are codified in the USDOL Regulations at 2 CFR Part 180 and 182. These requirements are also addressed, and made a part of, all the DHEWD contract agreements as “Assurance” attachment.

To ensure adherence to this stipulation, the DHEWD strongly recommends that Subrecipient(s) ***must*** continually verify and document--on a monthly basis--entity exclusion records on **SAM.gov**. The DHEWD will review the documentation during its annual monitoring visit to ensure compliance.

COPYRIGHTS

The Federal Government and/or any Federal awarding agency reserves a paid-up, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes, the copyright in all products developed under a grant, subgrant; and any rights of copyright to which a Subrecipient(s) purchases ownership under an award (including but not limited to curricula, training models, technical assistance products, and any related materials). Such uses include, but are not limited to, the right to modify and distribute such products worldwide by any means, electronically or otherwise.

Federal funds may not be used to pay any royalty or license fee for use of a copyrighted work, or the cost of acquiring by purchase a copyright in a work, where the Contractor has a license or rights of free use in such work. If revenues are generated through selling products developed with contracted funds, including intellectual property, these revenues are program income. Program income is added to the project and must be expended for allowable project activities (refer to the “Program Income” segment of this Manual). If applicable, the following wording needs to be on all products developed in whole or in part with contracted funds:

“This workforce product was funded by a grant awarded by the U.S. Department of Labor’s Employment and Training Administration. The product was created by the Subrecipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.”

BONDING REQUIREMENTS

Bonding is an agreement between a bonding or insurance company and an entity whereby the insurance or bonding company guarantees payment of a specified dollar amount as damages, in the event covered employees cause financial loss to the entity. Bonding requirements ensure that the DHEWD is indemnified against financial losses caused by officers and employees who hold fiduciary positions with Subrecipients.

All Subrecipient personnel who have access to or control funds received from the DHEWD and/or deposit DHEWD funds must be bonded to provide protection against losses. In addition, individuals who may handle mail or assist in the preparation or distribution of checks or any financial documents must also be covered by the bond. The following guidelines must be followed:

1. Subrecipient(s) with DHEWD grants of less than \$500,000 must carry a minimum of \$50,000.
2. Subrecipient(s) with DHEWD grants of \$500,000 or more must carry a minimum of \$100,000.
3. The Subrecipient(s) must be the insured entity and the DHEWD must be the assigned certificate holder.
4. The Subrecipient(s) must submit a copy of the bond certificate to the DHEWD within 30 calendar days of the commencement date of the applicable grant award. Disciplinary action will be instituted against Subrecipient(s) who fail to comply with this directive.

PROCUREMENT

Procurement involves the overarching process of buying goods and services. The process includes, but not limited to, purchase planning, sourcing activities, value analysis and strategic vetting of vendors, vendor selection, negotiations, and the actual purchasing of goods and services. It is important not to equate the procurement process with “purchasing.” Purchasing of goods and services is a subset of a broader procurement process, and can best be described as the process involved in ordering goods and services. This segment references the applicable Federal, State and Agency requirements governing the procurement of goods and services using the DHEWD administered grants.

The Uniform Guidance, 2 CFR 200.317-200.326, provides procurement standards for all recipients of Federal grants. All Subrecipient(s) must establish procurement policies and procedures that are within the guidelines.

Additionally, all Subrecipient(s) must be guided by the following provisions:

1. All applicable WIOA and USDOL regulations must be followed.
2. The Missouri statutes authorize the Division of Purchasing and Material Management (DPMM) to provide procurement services through a joint purchasing program to political subdivisions and quasi-public governmental bodies. Subrecipient(s) are equally encouraged to use this resource. Additional information, member listing, and a membership form for the Cooperative Procurement Services program can be found at www.oa.mo.gov/purch.
3. For purposes of this Manual, ‘purchase’ shall mean acquisition of any goods or services, including selection of service providers or staffing services/agencies. Subrecipient must, therefore, not utilize simple purchasing procedures to procure services that invoke full procurement procedure.
4. Subrecipient(s) must incorporate the following guidelines into its procurement policy:
 - a. A documented written assessment procedure to determine need. The assessment must include the name of the preparer, the date it was prepared, and evidence of approval by a designated officer – usually a board member.
 - b. A documented written procedure to determine resource availability related to cost, and who determined resources were available, date of the evaluation, how it was done, and what type of procurement must be followed based on the cost estimate.

COMPLAINT AND GRIEVANCE

Complaint and grievance procedures provide a concise and orderly process by which an entity may process bona fide complaints or grievances. In order to facilitate a smooth complaint and/or grievance process, potential complainant (e.g., employees, former employees, customers, non-customers or employers, etc.) must understand their equal opportunity rights and responsibilities, as well as their complaint and grievance rights under the Workforce system.

Subrecipient(s) must provide initial and continuing notice and assurance that it does not discriminate on any prohibited grounds, and that there is a process to resolve any complaints or grievances. Such a process must set forth clear procedures for notifying the appropriate administrators of known or suspected abuse.

All Subrecipient(s) must follow the DHEWD guideline posted on jobs.mo.gov (DWD Issuances 16-2017 and 09-2012).

PROPERTY MANAGEMENT/EQUIPMENT/SUPPLIES

Property: Property means real property or personal property. Subrecipient(s) should refer to the Uniform Guidance, 2 CFR 200.78, 2 CFR 200.85, and 2 CFR 200.311 for guidance.

Equipment: Equipment is defined as “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.”⁵ Equipment may be classified as either general purpose equipment or special purpose equipment.

Subrecipient(s) may use its own definition of “equipment” provided it meets applicable Federal and State minimum requirements. The following stipulations must be adhered to:

1. Subrecipient(s) must follow its established procurement guidelines as addressed in the “Procurement” section in this Manual.
2. A physical inventory of all equipment must be performed at least once every two years and the results reconciled with property records.
3. Equipment records must be maintained and must include the following data columns:
 - a. Unit acquisition cost
 - b. Acquisition date
 - c. Description of equipment purchased
 - d. Serial number
 - e. Funding source including the FAIN number
 - f. Percentage of Federal participation in the equipment cost
 - g. Title of ownership
 - h. Current use of equipment
 - i. Location of equipment
 - j. Date of last physical inventory

⁵ The Uniform Guidance, 2 CFR 200.33

- k. Condition at last physical inventory
 - l. Disposition data
 - i. Date of disposal
 - ii. Sale price or fair market value
 - iii. Method used to determine fair market value
- 4. Subrecipient(s) must ensure adequate safeguards are in place to prevent loss, damage, or theft of the property. Any equipment lost, stolen or damaged must be reported to the DHEWD immediately. The DHEWD may institute an investigation into any loss, damage, or theft of equipment, and may require insurance reports, police reports, and other similar documentation as a form of evidence.
- 5. Adequate maintenance procedures must be developed to keep the property in good condition.
- 6. Equipment must be utilized in the program or project for which the equipment was acquired as long as needed, whether or not the project or program continues to be supported by the DHEWD. Subrecipient(s) must not encumber the property without prior approval of the DHEWD.
- 7. Subrecipient(s) must request prior approval from the DHEWD before purchasing any equipment worth more than \$5,000.
- 8. Subrecipient(s) must request prior approval from the DHEWD before disposing of any equipment worth \$5,000 or more. Equipment with a current per-unit fair market value of \$5,000 or less may be retained or disposed of with no further obligation to the DHEWD.
- 9. Adequate steps must be taken to maximize the realized amount of proceeds from the disposition of equipment. While proceeds from the sale of equipment are not Program Income, they shall be reported to the DHEWD on the CPR in a manner similar to that of Program Income.
- 10. The DHEWD shall have a right to an amount of the proceeds in proportion to DHEWD's share (percentage of participation) in the cost of the original equipment.
- 11. Approval to procure equipment under WIOA has been delegated to the DHEWD. Procurement of equipment charged to discretionary funding must be approved by the USDOL Grant Officer and/or Federal Project Officer (FPO).

Supplies: The Uniform Guidance defines supplies at 2 CFR 200.94 as “all tangible personal property other than ... equipment.” This definition utilizes the per-unit fair market value of \$5,000 threshold to distinguish between what can be classified as supplies or equipment. Thus, all tangible personal properties acquired with a per-unit fair market value of less than \$5,000 shall be considered supplies.

The Uniform Guidance further states at 2 CFR 200.314 (a) that “If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share.”

The DHEWD requires Subrecipient(s) to request prior approval from the DHEWD before disposing of any supplies worth more than \$5,000. Supplies with a current per-unit fair market value of \$5,000 or less may be retained or disposed of with no further obligation to the DHEWD.

The DHEWD further requires that adequate steps must be taken to maximize the realized amount of proceeds from the disposition of the supplies. While proceeds from the sale of supplies are not Program Income, they shall be reported to the DHEWD on CPRs in a manner similar to that of Program Income.

The DHEWD shall have a right to an amount of the proceeds realized from the sale of supplies in proportion to DHEWD’s share of the original cost of the supplies.

TRANSFER OF FUNDS

Subject to the Governor’s approval, Section 133(b) (4) of WIOA authorizes the transfer of funds between the Adult and Dislocated Worker programs of up to 100 percent of these programs’ annual allocations. Subrecipients ***cannot*** transfer funds to or from Youth allocations. Transfers from Adult funds to undertake Dislocated Worker program activities must continue to maintain “Adult fund identity.” Likewise, transfers from Dislocated Worker funds to undertake Adult program activities must also continue to maintain “Dislocated Worker fund identity.” OWD Issuance 14-2018 provides additional guidance.

PART III

ALLOWABLE AND UNALLOWABLE COST STANDARDS

The question as to whether or not a cost charged to a Federal award or a WIOA program is allowable depends on specific guidelines provided by the grantor and the provisions spelt out in the Uniform Guidance. This segment references applicable cost principles in the Uniform Guidance that govern the allowability of costs. Further guidelines respecting allowable costs, if any, will be provided in the DHEWD contract documents.

Generally, for a cost to be allowable under Federal or State award, the cost must be necessary, reasonable, and allocable. The Uniform Guidance, 2 CFR 200.403, sets out the following:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
- d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g) Be adequately documented.

The above standards will apply irrespective of whether a particular item of cost is treated as direct or indirect cost. All DHEWD Subrecipient(s) must utilize the OMB Uniform Guidance, 2 CFR 200 Subpart E, and 2 CFR Part 2900 in their entirety to determine if costs are DHEWD approval, or unallowable. The Uniform Guidance, 2 CFR 200.425 through 2 CFR 200.475,

exemplifies some allowable cost, unallowable cost, and costs needing prior approval from the DHEWD.

The WIOA also exemplifies cost that may not be allowed under the Act. For example,

1. No funds available to carry out an activity under this title shall be used for employment generating activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, economic development activities, or similar activities, that are not directly related to training for eligible individuals under this title. No funds received to carry out an activity under subtitle B shall be used for foreign travel (WIOA Section 181 (e)).
2. Lobbying or costs of any salaries or expenses related to any activity designed to influence legislation or appropriations pending before the Congress of the United States are unallowable WIOA costs (WIOA Section 195 (a)(1)).
3. Costs of employment or training of participants in sectarian activities are unallowable (WIOA Section 188 (a) (3)).
4. Costs of public service employment, except to provide disaster relief employment, as specifically authorized in Section 170 (d) of WIOA are unallowable (WIOA Section 194 (10)).

Recipients of the DHEWD administered WIOA funds must, therefore, familiarize themselves with the provisions of WIOA respecting unallowable costs.

COST CATEGORIES

Cost categorization is a concept used to capture and group costs exhibiting the same characteristics together. Section 185 (g) of WIOA provides for WIOA Title I costs to be planned, controlled, charged, and reported under administration and programmatic categories. Costs are usually allocable to a particular cost category to the extent that documented benefits are received by such category.

Administrative Costs: These are costs that are not directly related to the provision of workforce investment services, including services to participants and employers. In other words, only those costs that are directly associated with the administrative management of WIOA programs will be classified as administrative costs. Personnel and non-personnel costs, as well as direct and indirect costs may all qualify as administrative cost.

Costs incurred in coordinating and performing functions relating to the overall general administration of WIOA Title 1 funds such as accounting, budgeting, financial and cash management functions; payroll functions; personnel management functions; property

management functions; procurement and purchasing functions; audit functions; coordinating the resolution of findings arising from audits, reviews; investigations and incident reports; fiscal agent responsibilities; general legal services functions; etc., are considered administrative costs.

Additional examples of administrative costs may include the costs of goods and services required for administrative functions of the program; travel costs associated with official business in carrying out overall management of the WIOA activities; costs of information systems acquired to perform administrative functions; and the costs incurred in the performing oversight and monitoring responsibilities related to WIOA administrative functions.

Program Costs: These are costs that are directly related to the provision of workforce investment services. For example, the costs of information systems related to participant and program performance information; the costs incurred in planning WIOA activities and performance tracking; cost of monitoring program participants; etc., will be classified as program costs.

Costs such as personnel and related non-personnel costs of staff that perform both administrative functions and programmatic services must be allocated as administrative or program costs to the benefiting cost objectives/categories based on documented distributions of actual time worked or on other approved cost allocation methodologies. Specific cost charged to an indirect cost pool that can be identified directly as a program cost must be charged as a program cost, and continuous improvement activities must be charged as administrative or program costs based on the purpose or nature of the activity improved. Documentation of such charges must be maintained.

The DHEWD requires all Subrecipient(s) to streamline its accounting and/or reporting systems in order to adequately segregate and report administrative and program costs as required by regulations. While there are only two cost categories, the number of reporting categories may be larger. The reporting set-up for WIOA Title I programs, for example, requires that program income (both earned and expended), as well as other non-Federal costs (e.g. Stand-In) of each program be reported. Subrecipient(s) must ensure that all its cost activities are adequately accounted for and that its costs reported on the applicable quarterly reports are traceable to both the accounting system and source documentation. Cost category compliance should be attainable if all costs are properly charged, accounted for, and reported based on the principle of “benefits received.”

Finally, it must be noted that the Uniform Guidance, 2 CFR200.405 (c), ***prohibits*** the charging of cost allocable to a particular Federal award to other Federal awards in order to overcome fund deficiencies, avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

ADMINISTRATIVE COST LIMITATIONS

Qualified Subrecipient(s) may be entitled up to ten percent (10%) of the total program year's WIOA formula funds (Adult, Youth, and Dislocated Worker) for administrative purposes.

Cost limitations are determined at the end of the applicable grant period by comparing the total reported administrative expenditures to the amount available for administration. If administrative costs exceed the maximum limitation, the amount in excess of the 10% becomes a disallowed cost and is subject to repayment.

It must be noted that even though the allocation of the 10% will be charged separately by the DHEWD to the Adult, Dislocated Worker, and Youth funding streams, Subrecipient(s) need not track its administrative costs by these funding streams. Nonetheless, Subrecipient(s) are responsible for assigning costs back to the various funding streams for reporting purposes. Also, utmost care must be taken by Subrecipient(s) not to report indirect cost as part of the 10% cap.

COST

Costs are allocable to a particular cost category to the extent that benefits are received by such category. The total cost of a grant or an award is comprised of allowable direct costs incident to its performance, the allocable portion of allowable indirect costs, minus applicable credits.

Direct costs are those costs that can be readily identified and directly charged to a specific grant/award. They do not require any further allocation or breakdown.

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objective benefited. In such circumstances, costs may be pooled together and allocated among benefiting cost objectives based on an appropriate allocation methodology. Indirect cost rate proposals, developed and approved in accordance with applicable cost principles as set forth in 2 CFR 200, Subpart E shall be utilized to allocate pooled cost. For example, whenever costs jointly benefit Youth, Adult, and/or Dislocated Workers programs, and WIOA is the only funding stream, a cost allocation plan must be developed to allocate those costs among the funding sources if these are shared services. The same holds true when there are multiple sources of funding, such as Federal, State and locally funded programs being simultaneously operated by a Subrecipient(s). Cost pools may be utilized as long as they meet the following requirements:

1. Only allowable costs may be charged to a cost pool.
2. The accounting system must be able to track the total monthly pool costs, either automatically through the system or via spreadsheets.

3. The allocation of pooled costs must be performed monthly and must be included in the monthly CPR totals.
4. Allocation of pooled costs must be performed in a consistent manner.
5. Cost pools must have an acceptable allocation base such as the following:
 - a. Minimal Distortion: This requires that the base be as causally related as possible to the types of costs being allocated so that benefit can be measured as accurately as possible.
 - b. General Acceptability: For example, it should be consistently applied over time. The base should also be drawn from the same period during which the costs to be allocated have been incurred.
 - c. Represents Actual Cost or Effort Expended: The base should be a measure of actual cost or actual effort expended.
 - d. Timely Management Control: The base should be within management's ability to control on a timely basis.
 - e. Consistency with Variations in Funding: The base must be able to accommodate and withstand changes in funding during the year and from year to year.
 - f. Materiality of Costs Involved: The time and expense spent in developing the base should not be greater than justified by the materiality of the costs to be allocated.
 - g. Practicality and Cost of Using the Base: The base should be as efficient as possible, thus, wherever possible, a database that already exists in the financial or participant record keeping and reporting systems should be used rather than create a separate database to be used only for allocating costs.

Unacceptable bases may include a base that:

- a. Distort the final results;
- b. Do not represent actual effort or cost expended;
- c. Are not used consistently over time and with variations in funding; and
- d. Do not have an integral relationship to the types of costs being allocated.

INDIRECT COST RATES

As discussed in the preceding cost section - costs that cannot be readily assigned to a cost objective are pooled together and allocated among benefiting cost objectives. Subrecipients for whom the Department of Higher Education and Workforce Development (DHEWD) is the cognizant agency will have the option to submit an Indirect Cost Rate Proposal or a Cost Allocation Plan for the recovery of indirect costs, or elect to use the de Minimis rate. The de Minimis rate may only be utilized if the subrecipient has never had a negotiated indirect cost rate. Subrecipients that receive direct federal funding must negotiate indirect cost rates with the respective federal cognizant agency and must supply a copy of the approved letter to DHEWD.

Prior to utilizing an indirect cost rate, qualifying Subrecipient(s) must furnish the DHEWD with documented evidence from its cognizant agency for indirect costs regarding the reasonableness of the amounts it intended to charge as indirect costs. Supporting documentation, including worksheets and other relevant data must be maintained and made available to the DHEWD upon request.

Subrecipient(s) who receive direct grant from the Federal government will negotiate their indirect cost rates proposals with the Federal government and provide evidence to the DHEWD.

Subrecipient(s) who receive no direct federal funding and the DHEWD constitutes their largest funding source, will negotiate their indirect costs rate proposals with the DHEWD. Sequentially, Subrecipient(s) are responsible for negotiating indirect cost rates with their subrecipient(s).

The following must be provided to the DHEWD annually as part of indirect cost rate proposal:

1. Submit **once** unless changes are observed:
 - a. Organizational chart; and
 - b. Signed Cost Policy Statement.
2. An Indirect Cost Rate Proposal(s) providing the following:
 - a. Personnel Costs Worksheet, including fringe benefits breakdown;
 - b. Allocation of Personnel Worksheet, providing indirect/direct time charges;
 - c. Fringe Benefits Worksheet;
 - d. Statement of Total Costs supporting the indirect and direct costs incurred by expense category, identified by federal agency, specific government grant, contract, and other non-government activities; and

- e. Statement of Indirect Costs, including indirect cost pool(s), allocation base(s), and indirect cost rate(s) proposed.
3. Audited financial statements for the final rate proposal. Approved budget for provisional proposal, if needed.
4. Certification that the Indirect Cost Rate Proposal was prepared in a manner consistent with the applicable cost principles set forth in 2 CFR Part 200, Subpart E & Appendix IV for non-profits, or the Federal Acquisition Regulation (Part 31) for commercial organizations. The certifications should be signed by the President/Executive Director, or Comptroller/CFO.
5. A listing of grants and contracts by federal agency, sub-agency, program office funding source, award amount, period of performance, and the indirect cost (overhead) limitations (if any) applicable to each, such as, ceiling rates or amounts restricted by administrative or statutory regulations, applicable to the period(s) of the proposal(s).

Subrecipient(s) negotiating indirect cost rates with the DHEWD must note that the Statement of Total Costs, referenced at 2 (d) above, must reconcile to their Financial Statements. If not, a reconciliation statement must be provided.

Prior to utilizing a cost allocation plan, qualifying Subrecipient(s) must furnish the DHEWD with documented evidence from its cognizant agency for indirect costs regarding the reasonableness of the amounts it intended to charge as indirect costs. Supporting documentation, including worksheets and other relevant data must be maintained and made available to the DHEWD upon request.

A Cost Allocation plan will be submitted to the DHEWD annually. The plan must include: a projection of the next year's allocated costs based on actual costs for the most recently completed year; and a reconciliation of actual allocated costs to the estimated costs.

All proposed plans must be accompanied by the following:

- an organization chart detailed to show each unit's operations
- a copy of the Financial Statements to support the allowable costs of each activity included in the plan
- a certification that the plan was prepared in accordance with Uniform Guidance, contains only allowable costs, and was prepared in a manner that treats similar costs consistently among various Federal awards and between Federal and non-Federal awards/activities

The plan must also include the following:

- Brief description of the allocated costs
- Identification of the unit rendering the service, the unit benefitting from the service, and the items of expense included in the cost of the service
- A cost policy statement describing the method used to distribute the allocated costs
- Summary schedule showing the allocation of costs to the specific awards or programs

Each cost allocation plan will be accompanied by a certification found in Attachment section of the manual.

In accordance with the Uniform Guidance, any Subrecipient that has never received a negotiated indirect cost rate, except States and local governments, and Indian Tribe, may elect to charge a de Minimis rate of ten percent (10%) of Modified Total Direct Costs (MTDC), which may be used indefinitely.⁶

MTDC means all direct:

- Salaries and wages;
- Applicable fringe benefits;
- Materials and supplies;
- Services;
- Travel; and
- Subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award).

MTDC ***excludes***:

- Equipment;
- Capital expenditures;
- Charges for patient care;
- Rental costs;

⁶ The Uniform Guidance 2 CFR200.414(f)

- e. Tuition remission;
- f. Scholarships and fellowships;
- g. Participant support costs;
- h. The portion of each subaward and subcontract in excess of \$25,000; and
- i. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Subrecipient(s) electing to utilize the de Minimis rate must make DHEWD aware and no further documentation is required, but a cost policy statement must be signed and maintained on file for review.

Regardless of the method chosen to recover indirect costs, Subrecipient(s) must submit all necessary documentation within ninety (90) days of initial DHEWD award, and then annually within six (6) months of the entity's fiscal year-end.

As stipulated at §200.403 of the Uniform Guidance, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. The de Minimis rate, once elected, must be used consistently until such time that a Subrecipient chooses to negotiate for an indirect cost rate. Adequate care must be taken not to include potential unallowable costs in the computation of indirect costs rates since costs later determined to be unallowable may either be refunded (with interest) and/or removed from the indirect cost pool, and the indirect cost rate readjusted.

During annual monitoring visits, the DHEWD will review source documentation and verify the allowability of costs charged as indirect costs to ensure compliance and that costs are accounted for as described in the cost policy statement. Requirements for the development and submission of indirect cost rate proposals are contained in Appendices III-VII to Part 200 and Appendix IX of the Uniform Guidance.

Direct questions or comments regarding indirect cost rates be contacting the Financial Manager at DHEWDFinancial-HelpDesk@DHEWD.mo.gov.

CASH MANAGEMENT

Cash management means the process of managing cash inflows and cash outflows. Each Subrecipient(s) must establish a cash management system, which will provide for the following:

1. Cash receipts, including Electronic Funds Transfers (EFT) and wire transfers, should be promptly deposited into an interest-bearing account with a financial institution that has either Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC) coverage. Subrecipient(s) are encouraged to use minority or women-owned financial institutions. The Subrecipient(s) must sign a collateral agreement for all funds that exceed the FDIC or FSLIC coverage.
2. Subrecipient(s) are responsible for their own cash balance as well as those of their subrecipient(s). With the use of EFT for majority of cash requests, the time it takes to receive cash has been drastically reduced.
3. Cash should be requested via the FRS maintained by the DHEWD. Cash may be requested twice per week; if requested by close of business on Monday, cash will be received by Friday of the same week; if requested by close of business on Wednesday, cash will be received by Tuesday of the following week.
4. If holidays fall within the above time frame, a message will be entered in the FRS system notifying Subrecipient(s) of the adjusted dates and times for cash requests, cash receipts deadlines and payouts.
5. Subrecipient(s) must demonstrate they will maintain procedures to support Federal cash management requirements in order to receive cash advances. The advance should be limited to the minimum amount needed and should be timed to meet immediate cash needs.
6. Subrecipient(s) must disburse program income, rebates, refunds, interest earned on such funds, etc. before requesting additional cash.
7. Mandatory cash management requirements for all Subrecipient(s) may be found at 2 CFR Part 200.305 as well as 31 CFR Part 205, as applicable.

EXCESS CASH

Excess Cash is an additional amount of cash in excess of what Subrecipient(s) normally need to have on hand for the day-to-day administration of Federal programs. Even though funds may be obligated for specific purposes, the use of the obligated funds is not always immediate; thus if adequate measures are not in place, significant cash balances may accumulate over time in contravention of Federal regulation. Federal regulation states “For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds

from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means”⁷

To optimize the cash requirement needs of Subrecipient(s), the DHEWD allows Subrecipient(s) to draw down funds two times per week. The DHEWD has also functionalized its financial reporting system to monitor cash balances of Subrecipient(s).

In summary, Subrecipient(s) are responsible for managing its cash balances as well as those of its subrecipients. ***Excess Cash balances are not acceptable.*** In maintaining an optimal mix of cash balances, Subrecipient(s) may take advantage of the DHEWD’s provision that allows Subrecipient(s) to draw cash from the DHEWD twice per week. Federal cash balances in excess of three (3) business days is an existing standard used by Federal agencies in interpreting USDOL’s requirements under 31 CFR 205.12 (b) (4) to advance only enough cash to meet actual, immediate cash needs

Excess Cash is monitored monthly, and is reviewed during the DHEWD’s reviewing of the monthly CPR reporting. If overall cash drawn exceeds cumulative expended, the Subrecipient is required to write comment in FRS explaining why cash exceeds expenditures. The DHEWD may impose additional restrictions on cash flow if any Subrecipient shows a recurring problem with Excess Cash.

PART IV

PROGRAM INCOME

Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds.⁸

With specific reference to Subrecipient(s), program income means gross income received by Subrecipient(s) that is directly generated by DHEWD grant supported activity, or earned only as

⁷ The Uniform Guidance, 2 CFR 200.305 (b)

⁸ The Uniform Guidance, 2 CFR 200.80

a result of the grant during the grant period. Grant period means the time frame between the effective date of the DHEWD award and the ending date of the award. Rebates, credits, discounts, refunds, and interest earned on any of them are not considered program income. The Uniform Guidance, 2 CFR 200.307, provides additional insight on program income.

In addition to the requirements under 2 CFR 200.307, Subrecipient(s) must also adhere to the following specific provisions:

1. Pursuant to Section 194 (7) (B) (i) of WIOA, receipts from conferences resulting from activities funded under the WIOA title must be accounted for as program income.
2. Pursuant to Section 194 (7)(B)(ii) of WIOA, funds provided to a service provider under the WIOA title that are in excess of the costs associated with the services provided, must be accounted for as program income.
3. Pursuant to Section 194 (7) (B) (iii) of WIOA, interest earned on funds received under the WIOA title must be accounted for as program income.
4. Any interest income earned (with respect to item No. 3) up to \$500 may be retained by Subrecipient(s) for administrative expense. Interest income in excess of \$500 must be remitted to the DHEWD for onward remittance to the Department of Health and Human Services.
5. Any program income earned (except as provided in item No. 4) may be retained by Subrecipient(s) only if such income is added to the funds committed to the particular grant under which it was earned and such income is used for the purposes and under the terms and conditions applicable to the use of the grant funds.
6. Program income and expenditures are reported to the DHEWD on a quarterly basis. The report is due on the 15th day of the month following the end of the quarter. The report will show income and expenditures by each funding stream. Expenditures associated with program income may be deducted from gross program income if not already charged to the applicable grant or any Federal funds.
7. Program income and expenditures must be reported in the Subrecipient(s) accounting system.
8. Subrecipient(s) must disburse program income before requesting additional cash payments from the DHEWD for the same program.
9. Except for program income associated with real and personal property, any program income earned after a program is closed must be returned to the DHEWD. Real and personal program income may be carried over to subsequent funding periods.

10. Any program income returned by a Subrecipient(s) must clearly identify the source of the program income and the contract number it is attributable to.

Pursuant to the Uniform Guidance, 2 CFR 200.307, the deduction, addition, or cost sharing/matching method may be used when accounting for program income.

STAND-IN COSTS

Stand-in costs are non-Federal costs that may be substituted for disallowed grant costs. In other words, stand-in costs are costs paid from non-Federal resources that substitute for Federal costs that have been disallowed as a result of an audit or other review. Stand-in costs may be substituted for disallowed costs when they meet the following criteria:

1. The costs must be allowable costs that were actually incurred for the benefit of federally funded program but paid from a non-Federal fund source.
2. The costs shall have been actually incurred allowable grant costs reported to the DHEWD as uncharged program costs under the same grant and in the same program year in which the disallowed costs were incurred.
3. The costs shall have been incurred in compliance with applicable regulations, laws, and the terms and conditions governing the DHEWD-funded program.
4. The costs shall have been included within the scope of Subrecipient(s)' single audit, and accounted for in Subrecipient(s)' financial system.
5. The costs must not violate any administrative or other cost limitations.
6. The costs must be adequately documented in the same manner as all other the DHEWD-funded program costs. Specifically, stand-in costs must have been reported on the Quarterly Program Income/Stand-in Report.
7. The disallowed cost(s) must occur under the same program that the stand-in costs were reported under.

Inasmuch as costs must be net-of-credits under the governing cost principles, the dollar value of discounts cannot be considered as an allowable grant cost. It must also be noted that the dollar value of in-kind donations cannot be recognized as stand-in costs. In-kind contributions are not considered unpaid DHEWD program liabilities, but rather as in-kind match; therefore, they cannot be used as stand-in costs because they cannot be charged to the Federal grant. Examples of other costs that are not stand-in costs may include:

- a. Uncompensated overtime;

- b. Unbilled premises costs associated with fully depreciated publicly owned buildings;
- c. Allocated costs derived from an improper allocation methodology;
- d. Discounts, refunds, rebates; and
- e. Any State share of the cost of State or community college tuition.

Stand-in costs cannot be created using circumstances or conditions that appear to be legitimate liabilities if no actual costs are incurred. The DHEWD will also not consider any proposal to substitute disallowed costs with stand-in costs if the disallowed costs result from fraud.

Before utilizing stand-in costs to substitute disallowed costs, Subrecipient(s) must notify the DHEWD by contacting the Financial Manager at DHEWDFinancial-HelpDesk@DHEWD.mo.gov. Substituted stand-in costs must be subtracted from the accumulated stand-in costs on the immediately following Quarterly Report.

PRIOR WRITTEN APPROVAL

Prior Written Approval is a written approval by an “authorized official” evidencing prior consent. The Uniform Guidance, 2 CFR 200.407, establishes principles and standards for determining allowable activities and costs for Federal awards. Certain cost items are allowable only with prior written approval from the Federal awarding agency. The USDOL, Employment and Training Administration (ETA) has delegated prior written approval authority to the DHEWD for its formula funded programs.

Pursuant to 2 CFR 2900.16 states “In addition to the guidance set forth in 2 CFR 200.407, for Federal awards from the Department of Labor, the non-Federal entity must request prior written approval which should include the timeframe or scope of the agreement and be submitted not less than 30 days before the requested action is to occur. Unless otherwise noted in the grant agreement, the Grant Officer is the only official with the authority to provide prior written approval (prior approval). Items included in the statement of work or budget as awarded does not constitute prior approval.”

Subrecipients must follow all applicable Federal regulations and the DHEWD guidelines in order to determine when to request prior approval from the DHEWD. Prior approval by the DHEWD may be granted based on the limited facts presented by Subrecipient(s) as justification for the incurrence of the proposed expenditure; thus, in the event that actual costs incurred do not comply with the facts presented or Federal and/or DHEWD guidelines, The DHEWD may question or disallow the expenditure. Reasons for the disallowance may include, but are not limited to:

1. Inadequate documentation;

2. The expenditure is not necessary and/or not reasonable;
3. Failure to follow internal, state, or Federal policies;
4. Failure to comply with applicable federal laws or regulations.

A list of circumstances in which prior approval is required by the Uniform Guidance is found at 2 CFR 200.407, and also depicted in the table below.

| Item | Uniform Guidance Reference | Description |
|--------------------------------------|----------------------------|--|
| Special or unusual costs (catch-all) | 200.407 Introductory text | Ensure reasonableness and allocability |
| Fixed amount awards | 200.201(b) (5) | Changes in principal investigator, project leader, project partner, or scope of effort |
| Cost sharing or matching | 200.306 (c) | Unrecovered indirect costs may be included as part of cost sharing or matching |
| Program income | 200.307 (e) (2) | Program income may be added to the award |
| Program income | 200.307 (e) (3) | Program income may be used to meet the cost sharing or matching requirement of the federal award |
| Revision of budget and program plans | 200.308 (c) | List program or budget-related changes |

| Construction federal awards | 200.308 (g) | Changes to scope or objective; need for additional federal funds to complete the project; or a revision is desired for which prior written approval requirements may be imposed |
|----------------------------------|----------------------------|--|
| Real property | 200.311 (c) | Obtain disposition instructions for real property acquired or improved under a federal award is no longer needed for the originally authorized purpose |
| Equipment | 200.313 (a) (2) | Encumber the title of property acquired under a federal award |
| Equipment | 200.313 (e) | Instructions for disposition of equipment acquired under a federal award that is no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency |
| Item | Uniform Guidance Reference | Description |
| Intangible property | 200.315 (a) | Encumber the title of property acquired under a federal award |
| Fixed amount subawards | 200.332 | Provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in §200.201 |
| Direct costs | 200.413 (c) | Direct charging of administrative and clerical staff salaries |
| Compensation — personal services | 200.430 (i) (6) | Alternative proposal for personnel expense documentation based on outcomes and milestones for program performance |
| Compensation — fringe benefits | 200.431 (i) (2) (ii) | Costs of abnormal or mass severance pay |

| Compensation — fringe benefits | 200.431 (i) (4) | Severance payments to foreign nationals employed by the non-federal entity outside the U.S., to the extent that the amount exceeds the customary or prevailing practices for the non-federal entity in the U.S. |
|---|----------------------------|---|
| Compensation — fringe benefits | 200.431 (i) (5) | Severance payments to foreign nationals employed by the non-federal entity outside the U.S. due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the non-federal entity in that country |
| Entertainment costs | 200.438 | Costs of entertainment, including amusement, diversion, and social activities and any associated costs that have a programmatic purpose |
| Item | Uniform Guidance Reference | Description |
| Equipment and other capital expenditures | 200.439 (b) (1) | Direct charge capital expenditures for general purpose equipment, buildings and land |
| Equipment and other capital expenditures | 200.439 (b) (2) | Capital expenditures for special purpose equipment |
| Equipment and other capital expenditures | 200.439 (b) (3) | Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life |
| Exchange rates | 200.440 (a) | Cost increases for fluctuations in exchange rates which results in the need for additional federal funding |
| Fines, penalties, damages and other settlements | 200.441 | Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations |
| Fund raising and investment management costs | 200.442 (a) | Fund raising costs for the purposes of meeting the Federal program objectives |

| Goods or services for personal use | 200.445 (b) | Direct costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses |
|---|----------------------------|--|
| Insurance and indemnification | 200.447 (b) (2) | Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, federal government property |
| Memberships, subscriptions, and professional activity costs | 200.454 (c) | Costs of membership in any civic or community organization |
| Organization costs | 200.455 | Costs such as incorporation fees, brokers' fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor in connection with establishment or reorganization of an organization |
| Item | Uniform Guidance Reference | Description |
| Participant support costs | 200.456 | Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects |
| Pre-award costs ** | 200.458 | Costs incurred prior to the effective date of the federal award directly pursuant to the negotiation and in anticipation of the federal award where such costs are necessary for efficient and timely performance of the scope of work |
| Selling and marketing costs | 200.467 | Direct costs of selling and marketing any products or services when necessary for the performance of the federal award |

| | | |
|-----------------------------------|-----------------|---|
| Taxes (including Value Added Tax) | 200.470 (c) | Use of the foreign government value added tax refunds for approved activities under the federal award (where the federal award has not expired) |
| Travel costs | 200.474 (a) | Travel costs of governmental officials covered by §200.444 when specifically related to the federal award |
| Travel costs | 200.474 (b) (2) | Travel costs of dependents of six months or more in duration |

***** Please refer to the section immediately following (Pre-award Costs) for the DHEWD's position on pre-award costs.***

Subrecipient(s) must maintain adequate supporting documentation for all costs associated with prior approval requests in order to establish that the expenditure:

1. Meets the cost principles (is necessary and reasonable for proper and efficient performance and administration of the grant);
2. Is allocable to the grant based upon benefits received;
3. Is authorized or not prohibited under state or local laws or regulations;
4. Conforms to any limitations or exclusions set forth in the Uniform Guidance, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items; and
5. Is consistent with policies, regulations, and procedures that apply.

All requests for prior approval must be submitted to the DHEWD at least thirty (30) days prior to the effective date the requested action is to occur, and should be submitted by email to:

DHEWDFinancial-HelpDesk@DHEWD.mo.gov.

PRE-AWARD COSTS

Pre-award Costs are those costs incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable

only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.⁹

The DHEWD will ***not*** approve of any pre-award costs. However, Subrecipient(s) who access Federal funding directly from a Federal awarding agency may request approval from the Federal awarding agency in order to incur pre-award costs.

OBLIGATION

20 CFR 660.330 states “Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the same or a future period.” For purposes of re-allotment and reallocation, obligations also include accrued expenditures. For entities who run entire programs in-house, obligations are the total of accrued expenditures and do not include cost items such as projected staff cost.

Generally, obligations should be supported by a valid purchase order, contract, subgrant, or other binding agreement, in writing, between the parties, for goods to be delivered or services to be performed. In some cases, an exception can be made to the requirement for supporting a transaction in writing if local statutes or regulations require that purchases be placed with the same unit of government. In such instances, obligations can be recorded on the basis of requisitions issued to the central procurement agency. Following is guidance on the amounts that can be considered an obligation in selected agreements:

- **Letter of intent.** For awards in which the entire amount of the agreement is not immediately authorized for expenditure (such as a letter of intent and multi-year agreements), only that portion that is authorized for expenditure by the Letter of Intent constitutes an obligation in the current year.
- **Contracts.** Contract must be firm, complete, and must require prompt delivery of the goods or services. The entire amount of a contract that will cross program years can be classified as an obligation to the current program year allocation (provided sufficient funds are available) to the extent that current year funds are actually committed to the agreement and the agreement does not exceed the 3-year fund availability period.
- In instances where the total budgeted amount of the agreement exceeds the funds committed, only the amount of funds committed can be considered an obligation. For example, a contract is written for a 2-year period for \$200,000. The LWIB commits \$100,000 to the

⁹ The Uniform Guidance 2 CFR 200.458

contract for the current year, the balance to be committed later. Only \$100,000 can be considered an obligation.

- **Purchase Orders.** Such orders (and requisitions) not issued do not constitute an obligation as long as they remain within the control of the issuing agency. The issuance of the purchase order constitutes an obligation.
- **Unpaid Accruals.** Generally, unpaid accruals, such as utility bills, payroll, and fringe, can be classified as an obligation.

The following are not obligations.

- **Unexecuted Procurements.** Procurement in any stage of the preliminary administrative process, such as a Request for Proposal (RFP), review, and selection, does not constitute an obligation.
- **The appearance of an item in a budget** does not constitute an absolute basis for an obligation. For example, budgets in multi-year agreements that are funded conditional on the availability of funds in subsequent years may support an obligation of current year funds committed but does not support an obligation equal to the amount of the agreement.
- **Internal entity budgets,** governmental appropriations, money set-aside in a participant individual training account or training plan.

DEOBLIGATION/REOBLIGATION

Section 189 (g) (2) (A) of WIOA stipulates that funds allocated by the State to Subrecipients under WIOA Sections 128 (b) and 133 (b) for any program year are available for expenditure only during that program year and the succeeding program year. This requirement notwithstanding, funds used to carry out pay-for-performance contract strategies will remain available until expended in accordance with WIOA Section 189 (g)(2)(B)(i).

The WIOA further provides for the deobligation of funds from local workforce development areas for failure to meet the minimum requirements specified in the Act. Accordingly, the DHEWD requires that Subrecipient(s) must obligate ***not less than 80 percent (80%)*** of the funds made available to them in each program year's funding or they bear the risk of losing the funds through the reallocation process. "Allocation," as used in this section, refers to the Subrecipient(s) original formula fund amount, as adjusted appropriately by transfers between programs that have been approved in the local Workforce Investment Area Plan.

Subrecipient(s) that fail to meet the minimum obligation levels may have the remaining funds (below the minimum obligation level) deobligated. Subrecipients that meet or exceed their

minimum obligation levels in the prior year will be eligible to receive a portion of the deobligated funds. The performance evaluation, for purposes of reobligation of these funds only, shall be based on the fourth quarter performance data, so that the funds are available in a timely manner. The annual performance for all other purposes, including the sanction policy, shall continue to be based on the final data included in the annual report.

The deobligated funds will be redistributed /reobligated to other qualifying Subrecipients based on these two criteria:

1. If the total amount deobligated is more than \$200,000 per program, the DHEWD would reallocate by a formula based on prior year expenditures; and
2. If the total amount deobligated is less than \$200,000 per program, the DHEWD would have the discretion to make awards to the highest performing areas.

A maximum reobligation of 30 percent of Subrecipients' current year allocation will be applied to ensure that areas receiving additional funds can be expected to expend the funds during that year. If the maximum 30 percent reobligation would cause any funds to remain unobligated, the amount to be deobligated will be reduced proportionally until it equals the amount to be reobligated.

FRAUD, PROGRAM ABUSE AND CRIMINAL CONDUCT

Fraud may be defined as the intentional or deliberate deception to secure monetary or personal gain. It may encompass, but not limited to:

1. Bribery, forgery, extortion, or embezzlement.
2. Theft of participants' checks.
3. Kickbacks from participants or contractors.
4. Intentional payments to a contractor without expectation of receiving services.
5. Payments to ghost enrollees.
6. Misuse of appropriated funds.
7. Misrepresenting information in official reports.

The Uniform Guidance, 200.435 (3) defines fraud as acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents; acts that constitute a cause for debarment or suspension (as specified in agency regulations); and acts which violate the False Claims Act.

Subrecipient(s) shall comply with USDOL [Training and Employment Guidance Letter \(TEGL\) No. 2-12, issued July 12, 2012](#), or any change or revision thereafter. TEGL 2-12 transmits procedures to be followed by all ETA grant recipients for reporting allegations of fraud, program abuse or criminal conduct involving grantees or other entities and subrecipient(s) receiving Federal funds either directly or indirectly. Subrecipient(s) must also disclose, in a timely manner, in writing to the DHEWD all violations of Federal criminal law involving fraud and any other criminal activity at the same time any report is made to the USDOL. The embezzlement from WIOA funds, improper inducement, and the obstruction of investigations shall be subject to certain penalties as allowed by appropriate State law.

The DHEWD specifically requires that Subrecipient(s) have a well-defined policy on procedures to report fraud, program abuse, and criminal conducts to the DHEWD.

COLLECTION OF AMOUNTS DUE

Any funds paid to a Subrecipient in excess of the amount that is determined due under the terms of an award and/or any amounts owed to the DHEWD will constitute a debt to the DHEWD. The DHEWD may recover debts owed to it in any of the following manners:

1. Make an offset against cash requests
2. Withhold advance payments due to the Subrecipient
3. Any other action as permitted by law.

The DHEWD will charge interest on any overdue amounts in accordance with the Standards for the Administrative Collection of Claims (31 CFR Ch. IX; parts 901.1-901.3) except where otherwise provided by statutes or regulations. The date from which interest is computed is not extended by any litigation or the filing of any form of appeal.

COLLECTION OF UNALLOWABLE COSTS

Subrecipients' payments or expenditures that are determined by the DHEWD to be unallowable, either as direct or indirect costs, must be refunded (including interest) to the DHEWD in accordance with instructions from the DHEWD unless a Federal statute or regulation directs otherwise. Interest will be charged in accordance with the determination made under the immediately preceding section –“Collection of Amount Due.”

JOB CENTER COST SHARE PROCESS FOR REPORTING NEGOTIATED EXPENSES

The concept of Job Center Cost Share (JCCS) was developed by the DHEWD and the Workforce Development Boards (WDB) to essentially embark on the significant transformation of Job Centers to successfully respond to a changing economy in relation to the changing customer needs. The concept sets forth the following five guiding principles:

1. To continue to create a Job Center service paradigm that values both skills and jobs.
2. To increase the number of Job Center customers accessing skill development and training services.
3. To integrate services to better serve customers.
4. To lean processes and streamline service delivery by removing bureaucratic barriers and waste.
5. To engage more businesses, improve business services, and link with economic development.

The financial ramification of this concept is that costs associated with running Job Centers are shared between the DHEWD and Subrecipient(s). It must be noted that even though reference is made to WDBs, the concept of **Job Center Cost Share** is applicable to all other recipients of DHEWD funds; that is, if concept is applicable to its operations.

The DHEWD and Subrecipient(s) bear the following responsibilities when it comes to Job Center Cost sharing:

1. The DHEWD provides FRS capability to each qualifying Subrecipient wherein job center costs can be input based on budget line items and pre-agreed upon cost sharing percentages. Subrecipient(s) must input only qualifying costs and adhere strictly to the pre-agreed upon cost sharing percentages.
2. The DHEWD will input its expenditures for each month by Job Center and enter it in the JCCS expenditures page in FRS by the 15th of the month. If it is a month following the end of a quarter month (April, July, October, January), this process will be completed by the 20th of the month following.
3. Subrecipient(s) will fill in its portion of expenditures for each Job Center in the JCCS expenditures page in FRS by the 15th of each month. If it is a month following the end of a quarter month (April, July, October, January), the process must be completed by the 20th of the month following.

4. The FRS will then calculate and display the result of the calculation, indicating whether a Subrecipient owes the DHEWD or vice versa.
5. If it is determined that the DHEWD owes a Subrecipient(s), DHEWD will process payments for any reimbursements owed (JCCS or Infrastructure) after the reporting month has closed (either the 15th of the month or 20th of the month after quarter end).

If the JCCS or Infrastructure cost reporting results in DHEWD owing the Subrecipient(s), DHEWD will process payments for those amounts by the end of that month and will notify the Subrecipient(s) through FRS of the scheduled pay date.

If the FRS calculation results in the local Subrecipient(s) owing DHEWD, the Subrecipient(s) will need to follow the normal process to submit payment by sending a check to DHEWD by the 30th of the month in which the deficiency is computed.

6. Specific information pertaining to the evolution and other useful information relating to JCCS may be found in OWD Issuance 10-2014, OWD Issuance 14-2017, OWD Issuances 24-2009, and OWD Issuance 33-2009 or as amended. These Issuances can be located at jobs.mo.gov.

PART V

CONTRACTING STANDARDS

Uniform Guidance 2 CFR Section 200.22 defines contract as “a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.”

Contracts must contain clear and well documented legal requirements in order to ensure that all parties to a contract understand the terms and conditions of the contract agreement. Basically,

the legal requirements must inculcate elements such as the manifestation of mutual assent, consideration, legality of object, and capacity of the parties.

The legal authority to contract with Subrecipient(s) across the State is vested in the DHEWD pursuant to the provisions of RSMo 620.479 and 620.480; thus to ensure the successful discharge of this statutory responsibility, the DHEWD stipulates that at a minimum:

1. All Subrecipient(s) must comply with their internal Procurement Guidelines in negotiating contracts.
2. All negotiated contracts, including contract modifications, must be secured by a written document and signed by authorized representatives of contracting parties (including name and contact information of the representatives). Larger contracts containing multiple sections should include a table of contents to ensure easy reference.
3. Contract deliverables including, but not limited to, the services to be provided (contract description), the start and ending dates of the contract (period of performance), expenditure schedule, payment schedule, and the expected outcome of the contract, must be clearly delineated.
4. Subrecipient name, Subrecipient unique entity, Federal Award Identification Number (FAIN), Federal Award Date of the award to the recipient by the Federal agency, Sub-award Period of Performance Start and End Date, Amount of Federal Funds Obligated to the Subrecipient by the Pass-through entity including the current total amount of the Federal award committed to the subrecipient, Federal award project description, Name of Federal awarding agency, Pass-through entity, and Contact information for awarding official of the Pass-through entity, Catalog of Federal Domestic Assistance (CFDA) name and number must be clearly spelt out in the negotiated contract.
5. Contracts must also identify whether the award is Research and Development (R&D).
6. Indirect cost rate for the award (including if de minimis rate is charged) must be incorporated in the contract document.
7. Contracts must incorporate verbiage regarding the following:
 - a. Nondiscrimination and Equal Opportunity;
 - b. E-verify;
 - c. Assurances; and
 - d. Performance benchmarks in youth contracts (if applicable)

8. Subrecipient(s) must implement contract review and risk assessment procedures on a continuous basis.
9. Contracts must include clauses or statements that require compliance with applicable laws and regulations. The contracting entity must ensure that all applicable assurances are included and that the legal instruments are consistent with applicable regulations.

The DHEWD strongly recommends that when awarding a contract, Subrecipient(s) must endeavor to take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when feasible. Subrecipient(s) should refer to the Uniform Guidance, 2 CFR 200.321, 2 CFR 200.323, Appendix II to 2 CFR 200, and the DHEWD Assurances for guidance. Subrecipient(s) have the discretion to replicate the DHEWD's Assurances in their contracts.

RISK ASSESSMENT AND RISK MITIGATION PROCEDURES

The determination of risk posed by a recipient of Federal grant is an integral part of every Federal award. The Uniform Guidance describes the methods for addressing risk of unsuccessful performance at three (3) levels in the Federal award lifecycle:

1. Pre-Award Phase – conducting a review of risk posed by grant applicants [2 CFR 200.205];
2. Award Phase – addressing potential risk by including award conditions in the recipient's Federal award [2 CFR 200.207]; and
3. Post-Award Phase – taking action to remedy non-compliance during the performance period, if the recipient fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award [2 CFR 200.338].

If, and when a Subrecipient fails to comply with Federal, State, and any applicable statutes or regulations and/or the terms and conditions of a DHEWD award, the Subrecipient may be determined to be at risk. Subrecipient(s) designated as “high risk” may face the imposition of additional condition on DHEWD awards, as described in 2 CFR 200.207, to mitigate the risk.

Subrecipient(s) are required to design risk assessment procedures in line with the provisions in 2 CFR 200.205, 2 CFR 200.207, 2 CFR 200.338, and any other applicable provisions in order to comprehensively evaluate and identify the potential risks posed by their subrecipients. The Uniform Guidance, 2 CFR 200.519 and 2 CFR 200.520, may provide additional guidance on risk assessment. Additional information may be found at USDOL [TEGL No. 23-15](#), issued May 16, 2016 or any change or revision thereafter.

AUDIT TRACKING

Audit Tracking Form provides a chronological sequence or a step by step documented history of a contract. It is the reporting instrument to be utilized by Subrecipients when a new contract is executed or when an existing contract has been modified.

Audit tracking forms are required for *all* contracts between Subrecipients and its service providers. Audit tracking forms are, however, not required for contracts between Subrecipients and contractors providing services other than participant program services. The Uniform Guidance, 2 CFR 200.330, sets forth the considerations in determining whether a service provider is a subrecipient or a contractor.

Audit tracking forms must be submitted to the DHEWD within 30 days of the effective date of the last required signature on the contract **or** contract modification.

Audit tracking forms must contain each contracted program name with the corresponding contracted dollar amount and contract period; as well as the total contracted amount. When multiple contracts are issued to the same service provider, a separate Audit Tracking Form must be submitted for each contract.

Audit tracking forms must indicate whether each executed contract is the original contract or a contract modification. If the contract is a modified contract, a corresponding modification number must be furnished.

Audit tracking forms must be submitted electronically to DWDAuditTracking@DHEWD.mo.gov. The forms must contain the name and phone number of the person who prepared and/or submitted the form(s). A reply message will be sent when an Audit Tracking Form is received and/or accepted by the DHEWD.

Audit tracking forms must be submitted for all formula and discretionary grant funds; and for new funds and any carryover funds from one fiscal year to the next.

AUDIT GUIDELINES AND AUDITING STANDARDS

Audit may be defined as the examination of an entity's accounting books and records so as to form an opinion on the fairness of the entity's financial statements.

All Subrecipients of Federal funds must follow the requirements identified in the Uniform Guidance, 2 CFR Part 200, Subpart F – Audit Requirements, and apply all applicable portions to its subrecipients. DHEWD requires that:

1. All Subrecipient(s) that expend \$750,000 or more in Federal funds in a fiscal year must undertake an audit in accordance with the requirements of 2 CFR Part 200, Subpart F and

the Single Audit Act (SAA) Amendments of 1996. Audit responsibility for commercial organizations that are direct recipients and are not covered under the SAA, will fall under the USDOL. Commercial subrecipients that expend more than the \$750,000 threshold must conduct either an organization-wide or a program-specific audit. If a Subrecipient expends less than \$750,000 in Federal funds, the Subrecipient is exempt for that year, but records must be available for review or audit by appropriate officials of the Federal agency, Government Accountability Office (GAO) and the DHEWD.

2. Pursuant to 2 CFR 200 Subpart F, §200.512 (b), Subrecipients must upload its reporting package and data collection form to the Federal Audit Clearinghouse (FAC). The reporting package must include the Financial Statements and Schedule of Expenditures, Summary of Schedule of Prior Audit Findings, Auditor's report(s), and Corrective Action Plan. All Federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the Federal Audit Clearinghouse (FAC).
3. Subrecipients must submit a copy of any management letters issued by the auditor to the DHEWD within fourteen (14) business days after submitting reporting package and data collection form to the FAC. Copies of management letters shall be sent to DWDAuditTracking@DHEWD.mo.gov.
4. In general, audit reports must show detailed financial information that will reconcile to CPRs and include any reported stand-in costs, program income/expenditure, and matching expenditures as applicable.
5. In accordance with 2 CFR 200.521, the DHEWD shall perform audit resolution within six (6) months of acceptance of the audit report by the Federal Audit Clearinghouse. Per 2 CFR 2900.21, this date is extended an additional six months when the audit contains a finding involving a subrecipient of the pass-through entity being audited. Subrecipients must accordingly complete audit resolution of its subrecipients' audits within six (6) months after acceptance of its subrecipients' audit. The auditee must initiate and proceed with corrective action as quickly as possible and should begin corrective action no later than upon receipt of the audit report.
6. All Subrecipients must maintain an audit resolution file for all of subrecipients that are required to submit audit reports. The file must contain, but is not limited to:
 - a. A copy of the audit report and any related management report.
 - b. A worksheet or working papers used to reconcile the expenditures presented in the audit report against the CPRs or other expenditure reports as submitted by the subrecipients.

- c. All correspondence documenting the disposition of reported questioned costs, corrective actions taken for all findings, and correspondence relating to corrective plans resulting from the audit firm's management reports.
 - d. A completed audit report review checklist.
 - e. A copy of the Data Collection Form.
 - f. A copy of the letter to the subrecipient accepting the audit with a contingency clause stating that all audit settlements are conditional and subject to review by the USDOL, the Missouri State Auditor's Office, the DHEWD, and any other cognizant federal/state agency that may provide pass through funds through the DHEWD.
7. All audit costs are the responsibility of the Subrecipient(s).
 8. Audit services must be competitively procured following the established procurement guidelines of each Subrecipient(s).
 9. All audit working papers must be retained by the Subrecipient(s) for a minimum of three (3) years after issuance of the auditor's report or three (3) years after the resolution of audit findings – consistent with the "Record Retention" section of this Manual. Please refer to the "Record Retention" section for specific guidelines on records destruction.
 10. All Subrecipient(s) must establish written procedures for audit resolution and debt collection from their subrecipients. The procedures must ensure that any audit findings and questioned costs are settled promptly, reasonably, accurately, and completely.
 11. When it is necessary to recover funds as a result of audit findings or questioned costs, the following information must be included in a letter accompanying the transmittal of funds:
 - a. Award number associated with each amount of recovered funds
 - b. Program year(s) or fiscal year(s) to which the recovered funds apply
 - c. If funds are recovered from a subrecipient, the name and contract number associated with the recovered funds
 - d. Assurance that the recovered funds are from non-federal or non-state resources
 12. Subrecipient(s) may appeal audit resolution final determinations within twenty-one (21) days of the receipt of the final determinations. Complaints must be filed in accordance with "Complaint and Grievance Procedures" section.

13. Subrecipient(s) must establish procedures for resolving complaints related to audit resolution final determinations of its subrecipients in accordance with the DHEWD Complaints and Grievance Procedures. The appeal procedures must, at a minimum, provide for:
 - a. Filing an appeal within twenty-one (21) days of receipt of the final determination
 - b. The rules of procedure
 - c. Timely submission of evidence
 - d. Timing of submission
 - e. Further appeal rights of DHEWD

Subrecipients who elect to substitute disallowed costs uncovered during an audit with stand-in costs must request approval from the DHEWD. The request must state: why the stand-in cost is needed, the amount of stand-in cost being requested, details of the disallowed cost that the stand-in cost is intended to substitute, and the quarter in which the stand-in cost was originally reported to the DHEWD. A formal communication regarding the acceptance or rejection of the request will be issued by the DHEWD within fourteen (14) business days.

FINANCIAL MONITORING STANDARDS

Financial monitoring is a process that is essentially performed to ensure that WIOA and/or any other programs administered by the DHEWD achieve their intended results; that resources are efficiently and effectively used for authorized purposes; and that resources are protected from waste, fraud, and abuse.

The Uniform Guidance, 2 CFR 200.328 (a) states that “The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.”

The USDOL regulation, 20 CFR 683.410(a) as proposed, require:

- (a) Each recipient and subrecipient of funds under title I of WIOA and under Wagner-Peyser must conduct regular oversight and monitoring of its WIOA and Wagner-Peyser program(s) and those of its subrecipients and contractors as required under title I of WIOA and Wagner-Peyser, as well as under 2 CFR part 200, including 2 CFR 200.327, 200.328, 200.330, 200.331, and Department exceptions at 2 CFR part 2900, in order to:

- (1) Determine that expenditures have been made against the proper cost categories and within the cost limitations specified in the Act and the regulations in this part;
- (2) Determine whether there is compliance with other provisions of the Act and the WIOA regulations and other applicable laws and regulations;
- (3) Assure compliance with 2 CFR part 200; and
- (4) Determine compliance with the nondiscrimination, disability, and equal opportunity requirements of sec. 188 of WIOA, including the Assistive Technology Act of 1998 (29 U.S.C. 3003).

WIOA Section 107(d) (8) also mandates program oversight responsibilities.

The promulgation of these rules and regulations cannot underestimate the importance of financial monitoring. Subrecipients are responsible for monitoring their subrecipients' programs, functions or activities supported by Federal and/or State funds administered by the DHEWD. Financial monitoring must be conducted on a regular basis, at least annually, to assure compliance with applicable Federal and/or State requirements. At a minimum, financial monitoring undertaken by Subrecipients must be sufficient to accomplish the following:

1. Subrecipients must develop and maintain on file written procedures/tool for the monitoring the performance of their subrecipient(s). The procedures/tool must be in line with the terms and conditions of a grant/contract being monitored or other agreements pursuant to WIOA Title I Workforce Development Activities.
2. Financial monitoring must cover all programs, functions, or activities supported by Federal and/or State funds administered by the DHEWD. The monitoring process should be able to unearth whether or not there is compliance with provisions of applicable laws and regulations and/or contract provisions.
3. Financial monitoring must determine that expenditures have been charged to the cost categories and within the cost limitations specified in applicable laws and regulations.
4. Financial monitoring must include the development and implementation of a risk assessment tool. The risk assessment tool must have the capability of identifying both high-risk subrecipient and associated areas of high risk within the subrecipient's operations. The Uniform Guidance, 2 CFR 200.519 and 2 CFR 200.520, may provide guidance on risk assessment.
5. Subrecipients must monitor their subrecipients on-site, except where financial records are maintained out of State.

6. Comprehensive records of all monitoring activities must be retained in accordance with the record retention requirements in this Manual, and made available to the DHEWD upon request during the contract performance periods.
7. All reviews/monitoring must result in a written monitoring report, and there must be a review and approval process for all final issued reports.
8. Monitoring reports must identify instances of noncompliance with Federal, State and/or DHEWD requirements, and provide recommendations for corrective action and program quality enhancements.
9. Any findings that require a corrective action plan must have an associated time frame for completion.
10. Subsequent monitoring must be performed to review implementation of any corrective action plans recommended during previous monitoring.
11. A final letter must be issued to subrecipient(s) upon resolution/acceptance of any corrective action plans.
12. A list of items to be reviewed during financial monitoring should contain, but is not limited to, the following:
 - a. Monthly reports submitted must be traced to book(s) of record
 - b. Trial balance and bank reconciliation
 - c. Adequate collateral security and FDIC or FSLIC coverage for cash on hand
 - d. Inventory records
 - e. Bonding policy
 - f. Confidentiality policy
 - g. E-verify documentation
 - h. Internal control and separation of duties
 - i. Program income
 - j. Procurement guidelines
 - k. Procurement process/transactions
 - l. Indirect cost rate

- m. Expenditure review for allowable costs and cost limitations
 - n. Stand in costs
 - o. Review of all administrative/personnel related manuals
 - p. Record Retention/destruction
 - q. Conflicts of Interest
 - r. Board Members Annual Attestations
 - s. Waste, Fraud and Abuse
 - t. Insurance Policy
13. Subrecipients should provide technical assistance to their subrecipients as they deem necessary or when solicited by subrecipients.
14. Additional information may be found in [OWD Issuance 12-2019](#) or as amended, Sub-State Monitoring Policy, posted on [jobs.mo.gov](#).

FINANCIAL REPORTING GUIDE

Financial reporting is an important element of accounting for Federal grant administered through the DHEWD. A concerted effort must, therefore, be made by all Subrecipients to track and report accurate financial, program, and other required information to the DHEWD. Reporting financial information such as the availability of funds, accrued expenditures, and obligations are very pertinent in ensuring the integrity of the DHEWD administered Federal awards.

All Subrecipients are required to submit monthly or quarterly financial reports to the DHEWD for each grant award they operate. The reports must be submitted electronically through the DHEWD FRS and/or any other DHEWD approved mediums. It is the responsibility of Subrecipient to ensure the accuracy and timeliness of financial information provided by its subrecipients in order to report to the DHEWD.

Below is non-exhaustive listing of financial reporting requirements:

1. Contract Progress Report (CPR) – Monthly

- a. Contract Progress Reports are due by the close of business on the 10th of the month following non-end of quarter months and by the close of business on the 15th of the month following end of quarter months.
- b. CPRs must be prepared and reported on an accrual basis in compliance with GAAP.
- c. The actual expenditure portion of the CPR must be taken directly from the accounting system and the accruals must be supported by information in the accounting system or from spreadsheets.
- d. Year-To-Date (YTD) expenditures should be checked on a regular basis against Subrecipients' records. The DHEWD must be contacted immediately regarding any discrepancies.
- e. Cash disbursement reporting is required on the Cumulative Cash Disbursed line and must be entered in order to submit the monthly CPR. Cash disbursed cannot be greater than cumulative cash requested. If the amount entered for cumulative cash disbursed is less than the cumulative cash drawn then an explanation will be required prior to submission. In addition, please remember the cumulative accrued expenditures should be equal or greater than the cash disbursed.
- f. Final reporting of expenditures should be documented on the CPR page by changing the "Final report?" to Yes and complete the next screen.

2. Cash Request – Bi-Weekly

- a. All cash requests will be submitted through the DHEWD FRS.
- b. Cash may be requested twice a week. Cash requested by 11:59 p.m. on a Monday will be available on following Friday. Cash requested by 11:59 p.m. on Wednesday will be available on the following Tuesday.
- c. If a holiday falls within the timeframe for cash requests, or if the timeframe is affected by the timing of SAM II processes, a message will be displayed in FRS with information regarding the adjusted schedule for requesting and receiving cash.
- d. YTD cash drawn should be checked on a regular basis against Subrecipients' records. The DHEWD must be contacted immediately regarding any discrepancies.

3. Program Income - Quarterly

- a. Program Income Reports are due on the 15th day of the month following the end of the quarter, with the exception of June reports, which are due on July 20th.

- b. Program income must be separately identified according to funding stream.

4. Stand-In - Quarterly

Stand-In Reports are due on the 15th day of the month following the end of the quarter, with the exception of June reports, which are due on July 20th.

5. Quarterly Obligations Report - Quarterly

- a. Quarterly Obligation Reports are submitted for formula funds only.
- b. The Reports are due on the 15th day of the month following the end of the quarter, with the exception of June reports, which are due on July 20th.
- c. Budgeted amounts must be verified for accuracy.

6. Other reports may be requested by the DHEWD on an as-needed basis.

It must be noted the DHEWD will not accept modifications to reports after five (5) business days of submittal. Back-up documentation must be maintained in accordance with the “Record Retention” section.

PART VI

RESTRICTION OF LOBBYING ACTIVITIES

Section 1352, Title 31, U.S. Code (popularly known as the Byrd Amendment) prohibits recipients of federal funds--whether grants, contracts, cooperative agreements--from being used to lobby with the intent to obtain, extend, or modify a federal award. The law is intended to discourage the use of Federal funds for lobbying.

Costs incurred to directly or indirectly influence an employee, officer or activities associated with obtaining grants, contracts, cooperative agreements, or loans are unallowable costs. Procedures have been instituted by the Federal government regarding lobbying activities against certain persons defined as an individual, corporation, company, association, authority, firm, partnership, society, State or local government, regardless of whether the entity is operated for profit or not for profit.

Guidance regarding lobbying activities may be found at 2 CFR 200.450 and in the Assurances that accompany all DHEWD contracts.

PUBLICIZING DHEWD FUNDING CONTRIBUTIONS

Under Public Law 101-166, Section 511, "Steven's Amendment," Subrecipient(s) must not issue any statements, press releases or other documents describing projects or programs funded in whole or in part with Federal funds unless prior approval from the DHEWD is obtained, and unless the intended publications clearly state the following:

1. Percentage of the total costs of the program or project, which will be funded with Federal dollars.
2. Dollar amount of Federal funds for the project or program.
3. Percentage and dollar amount of the total costs of the project or program that will be financed by nongovernmental sources.

Requirements of the Steven's Amendment are also addressed in the Assurances Exhibit that is attached to, and made a part of all contracts issued by the DHEWD.

E-VERIFY

E-Verify is an electronic program through which employers verify the employment eligibility of their employees after hire. The program was authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA). In short, employers submit information taken from a new hire's Form I-9 (Employment Eligibility Verification Form) through E-Verify to the Social Security Administration (SSA) and U.S. Citizenship and Immigration Services (USCIS) to determine whether the information matches government records and whether the new hire is authorized to work in the United States. E-Verify is administered by the U.S. Department of Homeland Security, USCIS, Verification Division, and the Social Security Administration.¹⁰

The Missouri Revised Statutes (RSMo) states, “No business entity or employer shall knowingly employ, hire for employment, or continue to employ an unauthorized alien to perform work within the state of Missouri.”¹¹ This segment provides for the following:

1. Subrecipient must adhere fully to the provisions of 285.530.1 through 285.530.5, RSMo.
2. Subrecipients must continually maintain enrollment and participation in the E-Verify Federal work authorization program with respect to the employees hired to work on DHEWD awards. E-verify must be performed on **every** new employee no later than the end of three (3) business days after the new hire's first day of employment. Adequate explanation must be given for any E-verify performed past the 3 business day time frame.
3. Subrecipients are responsible for ensuring that their subrecipients comply with E-verify requirements.

OUTSTANDING PAYMENTS AND UNCLAIMED PARTICIPANT WAGES

Subrecipient(s) are required by law to submit all earned unclaimed participant wages or mileage to the office of the Missouri State Treasurer, Unclaimed Property Division, in the required format as instructed on the website; www.treasurer.mo.gov

The legal backing for this directive may be found at RSMo 447.500-595, State of Missouri Uniform Disposition of Unclaimed Property Act.

¹⁰ <https://www.uscis.gov/e-verify/about-program>

¹¹ The Missouri Revised Statutes 285.530.1: <http://www.moga.mo.gov/mostatutes/stathtml/28500005301.html>

CLOSEOUT

Closeout is the process by which a funding agency or a grantor determines that all applicable administrative actions and all required work of an award have been completed by a grantee.

The Uniform Guidance states “The Federal awarding agency or pass-through entity will close-out the Federal award when it determines that all applicable administrative actions and all required work of the Federal award have been completed by the non-Federal entity.”¹²

The goal of the DHEWD is to see to the successful execution and the timely close out of all DHEWD administered awards after the funding period covered by the awards has expired. To accomplish this goal, the DHEWD requires that Subrecipients must submit closeout documents to the DHEWD within 60 calendar days after the expiration of a funding period or the termination of an award. The following situations may warrant a closeout process:

1. When Subrecipients’ WIOA formula funds expire at the end of the two-year term.
2. When the term of a contract agreement has expired.
3. When any line item within Subrecipients’ contract agreement is fully spent.
4. When any line item within Subrecipients’ contract agreement is fully spent, but the term of the contract has not ended.
5. When any line item within Subrecipients’ contract agreement has expired, but the associated funds are not fully spent.

Subrecipients may follow the following guidelines when preparing to file closeout documents. These guidelines are suggestions, and not intended to be binding on Subrecipients; however, the adherence or non-adherence to these guidelines will not alter the 60 calendar day submittal period requirement.

Two (2) months before the end of the close of any WIOA and /or any DHEWD contract agreement:

1. Identify all unliquidated obligations and plan to deobligate the costs prior to the closeout date, since no unliquidated obligations can be shown on a closeout report.
2. Fully expend all applicable program income.

¹² The Uniform Guidance, 200.343

3. Send notification to all subrecipients, contractors or any service provider to submit all final invoices or any document integral to the closeout process by a specific date.
4. Begin the process of organizing the necessary closeout documents.
5. Inform all employees that the contract in question is winding up, and that no staff time can be charged to the contract after the contract closes.
6. Find out from the DHEWD whether there are any outstanding corrective measures to be undertaken in order to facilitate a smooth closeout process.

Subrecipients must follow the following guidelines when preparing to file closeout documents. These guidelines are binding on Subrecipients.

When a WIOA and/or any other DHEWD federally administered contract ends, Subrecipients must:

1. Not incur any additional costs in relation to the contract.
2. Draw down cash to cover all expenses incurred up to the end date of the contract. Under special circumstances, the DHEWD may allow Subrecipients to draw down cash 90 calendar days after the end date of a contract. This notwithstanding, the DHEWD strongly recommends that Subrecipients draw down cash immediately after contract ends.
3. Pay all subrecipients, contractors, or any other service provider for any accrued expenditures. Outstanding invoices/debts cannot be honored after closeout documents have been submitted to the DHEWD.
4. Pay all other accrued expenditures prior to submitting the closeout documents. Closeout documents will not be accepted until all accrued expenditures are paid.
5. Return all surplus or unspent contract related funds to the DHEWD for onward submittal to the appropriate funding authority. Returned funds must bear adequate description such as funding stream, contract code, etc.
6. Ensure closeout documents are appropriately signed by a designated official of the Subrecipient.
7. Submit closeout documents to the DHEWD by the end of business day on the required submittal day (***60 calendar days after the expiration of a funding period or the termination of an award***).

Pursuant to 2 CFR 2900, “The non-Federal entity must liquidate all obligations and/or accrued expenditures incurred under the Federal award. For non-Federal entities reporting on an accrual basis and operating on an expenditure period, unless otherwise noted in the grant agreement, the

only liquidation that can occur during closeout is the liquidation of accrued expenditures (NOT obligations) for goods and/or services received during the grant period.”

Subrecipient that will not continue to receive additional WIOA or other grant funds from the DHEWD must account for all contract related properties in their possession (refer to “Equipment” and “Supplies” section of this Manual)

Note that Subrecipients are responsible for ensuring that their subrecipients submit closeout information to them on timely fashion so they may, in turn, meet the DHEWD’s deadline.

ASSURANCES

“Assurance” is an undertaking or commitment made by an individual or an entity pledging that an activity will be performed in accordance with stated expectations. In order for Subrecipient(s) to establish satisfactory fiscal control and accounting procedures necessary for the proper disbursement of, and accounting for federal funds received, Subrecipients and their subrecipients must comply with a set of laws and regulations.

Subrecipients who enter into contracts with the DHEWD to perform a Federal and/or State program, and subrecipients who sign contracts with Subrecipient to perform a Federal and/or State program automatically ***assure*** they will abide by the guidelines stated the following documents:

1. The Uniform Guidance.
2. Public Law 113-128: WIOA.
3. USDOL exceptions at 2 CFR Part 2900, et al.
4. The Missouri Revised Statutes.
5. DHEWD Policies and Procedures.
6. The DHEWD Assurances attached to, and made a part of, all contracts issued by DHEWD.
7. All other applicable laws and regulations pertinent to Federal or State award.

WAIVERS – USDOL

General waivers of statutory or regulatory requirements may be issued by the U. S. Secretary of Labor for a State, or a local area in a State, pursuant to a request submitted by the Governor of the State, in consultation with appropriate local elected officials.

When requesting a waiver, Subrecipients must address at a minimum the following:

1. How it will improve the targeting of services to the hard-to-serve
2. How it will increase the level of basic and advanced skills training provided by WIOA
3. How it will promote coordination of WIOA services with other programs.
4. How it will substantially improve job placement outcomes.
5. How it will contribute to the academic enrichment services to youth.

Requested waivers will be evaluated by the DHEWD and will either be forwarded to USDOL or returned to the submitter for additional information. Section 189 (i) (1-3) of the WIOA addresses additional rules and regulations pertaining to requests for waivers.

ATTACHMENTS



Department of Higher Education and Workforce Development

Indirect Cost Rate Certification Sample

This is to certify that I have reviewed the Indirect Cost Rate Proposal submitted herewith and to the best of my knowledge and belief:

- All costs included in this proposal ____ [identify date] to establish billing or final Indirect Cost Rates for ____ [identify period covered by rate] are allowable costs in accordance with the requirements of the federal award(s) to which they apply, and OMB Subpart E – Cost Principles 200.405. Unallowable costs have been adjusted for in allocating costs as indicated in the Cost Allocation Plan.
- All costs included in this proposal are properly allocable to federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the federal government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct:

Organization:

Signature:

Name of Official:

Title:

Date of Execution:



Department of Higher Education and Workforce Development

Certification of Indirect Costs Sample
10% Federal De Minimis Indirect Cost Rate

We are providing this letter to exercise the option to use the 10% federal De Minimis Indirect Cost Rate applicable to salaries and wages, fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subcontract from the date of execution of this certification.

_____ meets the following eligibility criteria:

(Organization name)

- No previously approved federal negotiated Indirect Cost Rates.
- Will receive less than \$35 million in direct federal funding per year.

Documentation of this decision will be on file in our office and with the Missouri Department of Higher Education and Workforce Development.

We understand this certification must be submitted annually from the date on the original certificate.

I declare that the foregoing is true and correct.

Organization: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____



Missouri Office of Workforce Development

Prior Approval Request Form

This form may be utilized for prior approval requests. For equipment and other capital expenditure cost items, this prior approval request form must be utilized for any expenditure that meets the lesser of the capitalization threshold established by the requesting Subrecipient or \$5,000

Request Date.....

Name of Requesting Subrecipient.....

Prior Approval for.....

.....
[Provide sufficient description and other vital information here for the specific prior approval requested to allow the DHEWD to determine whether the request is necessary and reasonable. Explain how the acquisition will enhance your operation].

Total Amount Requested.....
[Where feasible, provide the estimated cost amount here. Include detailed line item of the expenditure(s)]

Proposed Funding source.....

Additional information.....
[Where applicable, provide any additional information that will aid the DHEWD to undertake an analysis of the prior approval request. For example, if purchasing new equipment, indicate whether the new equipment will replace an existing one and whether the old equipment will be traded or disposed of entirely].

Name/Title of Requester.....

Date Signed.....

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal [identify date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of this Part and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Entity: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

AUDIT REVIEW FORM

AGENCY NAME:

YEAR ENDING:

DATE AUDIT ISSUED:

DATE AUDIT ACCEPTED BY FAC:

DATE REVIEWED:

AUDIT TRACKING NUMBER:

INVENTORY NUMBER:

YES NO

Licensed CPA

Data Collection Form For Reporting on Audits of States, Local Governments, and

Non-Profit Organizations Received

Financial Statements

A) Was the Financial Statements Opinion Unmodified

B) If A) is NO, was corrective action needed and taken

Statement of Financial Position (Balance Sheet)

Statement of Activities (Income Statement)

Statement of Cash Flows, if appropriate

Notes to the Financial Statements

A statement that the Audit was made in accordance with Uniform Guidance

Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Schedule of Expenditures of Federal Awards

Was there an opinion as to whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the financial statement taken as a whole

Schedule of Findings and Questioned Costs

A) Were there any audit findings

B) Did the auditee prepare corrective action plan for findings

C) Did any audit finding result in any questioned costs

D) Were the questioned costs disallowed

E) Were the disallowed costs recovered

Schedule of Prior Year Findings and Questioned Costs

A) Were all prior audit findings resolved

B) If A) is NO, has corrective action been taken/planned

REVIEWED BY: _____ **Date:** _____